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Ministerial segment: ministerial round tables

Summaries of multi-stakeholder round tables

Note by the Secretariat

Addendum

Ministerial round table B.2, on the theme "Coherence for development"

Wednesday, 20 March 2002 (morning)

Summary by the Co-Chairs

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1. The round table had a highly interactive and lively discussion on enhancing coherence for development. Many dimensions of coherence were addressed, both national and international, in particular coherence among international institutions and among international institutions and developing countries.

General considerations

2. A key thrust of the debate was that the millennium development goals, the draft Monterrey Consensus and the sustainable development agenda have provided major impetus to achieving greater coherence in the development policies and actions of all partners. There is now broad consensus that more coherence is needed. But that has to be translated into concrete implementation and actions.

3. Ministers and stakeholders noted that the current approach adopted by many countries of giving uncoordinated directives from individual ministries to the various international institutions creates problems for good global governance. Coherence must start at home. Otherwise, such lack of coherence is exported to the international systems and hinders the efforts to guide globalization so that it supports the millennium development goals. In the end however, coherence must be established worldwide.

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4. A major challenge today is how to introduce a pro-poor focus in trade policies and the international trading system and ensure that they better support development goals. The agricultural and energy policies of developed countries must be submitted to the same scrutiny on policy coherence. The most restrictive trade barriers are a burden on the products of the poor. In particular, agricultural subsidies could be better spent on investing in millennium development goals.

5. Coherence in cooperation policies should accompany country ownership of national poverty reduction strategies. Some progress has been made, but we need increased efforts in that area. Often, lack of coherence in national policies reflects the insufficient administrative capacity of a country to make policies in today's complex conditions. Once national poverty-focused strategies are formulated, with adequate participation by all stakeholders, donors should be more flexible and finance strategies with a predictable, multi-year commitment, preferably in common pool mechanisms.

6. Countries' poverty reduction strategies — notably the poverty reduction strategy papers (PRSPs) — are excellent tools for countries to foster policy coherence and make education, health and defence budgets add up to one integrated budget with a poverty focus. Coherence between macroeconomic policies and microeconomic policies is crucial for sustainable development. Yet a proper analysis of what pro-poor policy contains is country specific. Countries other than the highly indebted poor countries should also consider formulating PRSPs in order to reduce poverty in a comprehensive manner.

7. At the national level, transparency and communication, as well as consultation with all partners at local and other levels, are critical to improved coherence. Thus, transparent and sound governance at the national level goes a long way towards ensuring policy coherence.

Main issues

8. The lack of policy coherence at the national level in developing countries reflects both a lack of capacity and, in many cases, incoherence among donors. Increased coherence in developing countries requires a major cooperation effort for capacity-building. A coherent approach by developed countries to support development requires removing obstacles to the exports of developing countries and providing market access, particularly in the areas of agriculture, manufacturing and services. Often, inconsistency arises from conditionalities imposed by donor countries and institutions. One country reported that it had to comply with some 160 conditions for obtaining support to its poverty reduction strategy. It was considered important for donors to show flexibility and help countries to respond to new situations or needs of an urgent nature. Double standards should be avoided, and all countries should impose on their own actions the same scrutiny and goals that they impose on others.

9. When international financial volatility originates in developed countries, the demand for liberalization of the capital account worsens rather than improves financial conditions and stability in developing countries. It was stressed that the International Monetary Fund (IMF) does not currently call for indiscriminate liberalization of the capital account in developing countries but rather for the appropriate sequencing of strengthening of the financial sector and capital account liberalization.

10. Coherence between macroeconomic and microeconomic policies in developing countries is crucial for achieving development. That includes supporting poverty reduction priorities with budget levels that accommodate pro-poor spending and establishing coherence between social and economic development policies and between public investment and private investment policies. Linkage between trade and development policies must also be made in development strategies, and the link between trade and poverty needs to be assessed.

11. Coherence must be ensured between business actions and national plans. New initiatives, such as the New Partnership for Africa's Development, could be a driving force for mobilizing the contribution of the private sector to development.

12. Gender blindness is an obvious example of lack of coherence. Trade liberalization may have negative consequences for women. Improved participation of women in economic policy-making must be ensured. Girls' education is one of the most effective means to reduce poverty.

13. Reference was also made to the issue of incoherence in the policy advice provided by IMF, i.e., its article one on full employment.

14. There is a need to formulate a single set of issues for the Bretton Woods institutions , the World Trade Organization (WTO) and the United Nations. WTO members should invite their representatives to subscribe to the millennium development goals as a charter since the Marrakech Agreement Establishing WTO describes trade as a means to development.

15. The multilateral organizations and bilateral donors still have fragmented priorities and strategies that undermine coherence. Ad hoc contributions to subprogrammes of the specialized agencies create even more fragmentation rather than a coherent United Nations strategy.

16. In the United Nations, ongoing reform efforts aim to reduce the fragmentation of its operations and improve coherence in its day-to-day work, but more remains to be done. The United Nations needs help from donor countries in that respect through an increase in their core contributions. One participant suggested that at the next General Assembly, a request be made that the Secretary-General explore the idea of establishing an economic and social security council, with comparable functions to those of the Security Council. At the same time, there is a need to ensure that the Economic and Social Council is focused on the key issues of development.

17. Coherence at the multilateral level requires the full participation of developing countries. In WTO, there has been progressive transparency in its operations, and there is now a requirement that all members participate better in decision-making. The more members understand trade issues and how they impact their development, the better their participation and coherence of decisions. The draft Monterrey Consensus and the International Conference on Financing for Development are definite steps forward in the participation of all stakeholders and in improving coherence.

Looking ahead

18. The following issues were revised:

- What do we focus on now in terms of how we want international institutions to be? Who should be doing the thinking now since the existing institutions are

not the places that should be doing it? Who will provide the political leadership for listening to new ideas and changing institutions?

- Is there a true sense of multilateralism? Can large countries choose to opt out or are there the same rules and standards for all countries?

- The issues discussed need a lot of creative thinking. The focus on the millennium development goals and the road map for their implementation can provide us with strong guidance for coherence. Upcoming events — the World Summit on Sustainable Development to be held in Johannesburg, the Development Committee meeting to be held at the World Bank-IMF meetings and the Economic and Social Council-Bretton Woods institutions high-level dialogue — will provide opportunities for bringing those issues forward after some further thinking and continuing the momentum that was generated at this round table. Accordingly, we will submit the main findings of the round table to the high-level dialogue.

Recommendations

19. The following recommendations were made:

- There is a need to establish at the developing country level one coordination (or central contact) point for economic cooperation to give a sense of direction and ensure coherence between donors and domestic policy. Periodic briefing of donors and discussion with domestic stakeholders should be part of such a mechanism;

- There is a need to develop a single matrix for development, including national authorities, official development assistance, technical assistance and foreign direct investment, partly to avoid donors operating in the jurisdictions of ministries, and to reconcile national and international agendas;

- When countries come up with credible PRSPs, based on broad consultation with stakeholders, donors should be ready to provide more flexible financing;

- In developed countries, to confront the conflicts between national issues (interests) and the requirements to assist development (global issue) it is necessary to give a new public dimension to the global fight against poverty;

- The Organisation for Economic Cooperation and Development ministerial meeting held in June 2000 subscribed to policy coherence, which should now be followed up by an implementation plan;

- The European Union, already committed to enhance coherence in Maastricht in 1992, should pursue that commitment more vigorously;

- It is crucial to review progress in national and international efforts in order to achieve the millennium development goals and reduce inequity;

- The Bretton Woods institutions and WTO must help to build partnerships for enhancing countries capacities in the area of sustainable development;

- WTO should ensure that its work more clearly supports the pursuit of the millennium development goals and poverty eradication;

- The Philadelphia coordinating mechanism, which brings together Bretton Woods institutions executive directors and delegates to the United Nations,

should be expanded to Geneva-based institutions and could be broadened to include other developed countries;

- The Economic and Social Council must focus on key topical issues of the day. It has an important role to play in the follow-up to the Monterrey Conference and in helping to keep the focus on coherence and coordination in pursuit of the millennium development goals.